



European Commission proposes second €5 billion tranche of macro-financial assistance to Ukraine

Brussels, 7 September 2022

The European Commission has today proposed a further €5 billion in macro-financial assistance (MFA) loans to Ukraine as the second part of the exceptional MFA package of up to €9 billion announced in the Commission's communication of 18 May 2022 and endorsed by the European Council of 23-24 June 2022. The Commission disbursed the first €1 billion of this MFA package in early August. The remaining up to €3 billion will be provided as soon as possible.

Today's proposal is part of the extraordinary effort by the EU, alongside the international community, to help Ukraine to address its soaring financial needs following the unprovoked and unjustified aggression by Russia. It is a key element of the overall short-term liquidity relief measures as announced by the Commission in May 2022 and makes a sizeable contribution to close the outstanding funding gap for the fourth quarter to ensure maintained stability. The proposal will complement the support already provided by the EU, including a €1.2 billion emergency MFA loan paid out in the first half of the year. Taken together, the two strands of the programme would bring the total MFA support to Ukraine since the beginning of the war to €7.2 billion, and could reach up to €10 billion once the full package of exceptional MFA to Ukraine becomes operational this year.

Under the proposal, MFA funds will be made available to Ukraine in the form of long-term loans on favourable terms, to be disbursed in a small number of instalments. In a further expression of solidarity, the EU budget will cover the interest costs and administrative fee payments linked to the loans. As for all previous MFA loans, the Commission will borrow the funds on international capital markets and transfer the proceeds on the same terms to Ukraine.

The loans to Ukraine will be backed by guarantees provided by Member States which will complement the provisioning available from the EU budget. Between the EU budgetary provisions and the Member State guarantees, the loans will be fully secured for 70% of their value.

As soon as the European Parliament and the Council approve today's proposal and the corresponding Memorandum of Understanding and Loan Agreement with the Ukrainian authorities are signed, the Commission will swiftly make available the €5 billion.

This financial assistance comes in addition to the unprecedented support provided by the EU to date, notably humanitarian and development assistance from the EU budget, and military assistance through the European Peace Facility, the suspension of all import duties on Ukrainian exports for one year or other solidarity initiatives, e.g. to address transport bottlenecks so that exports, in particular of grains, could be ensured.

Members of the College said:

President Ursula **von der Leyen** said: *"The EU's support to Ukraine is unwavering. We stand by its brave people with our hearts, our minds and our deeds. Today, the Commission is coming forward with a proposal for a further €5 billion macro-financial assistance to support Ukraine in addressing its immediate financial needs caused by Russia's brutal invasion. Ukraine must win this war: it must regain the freedom and independence it is so courageously fighting for. The EU will continue to do its part to make sure this happens – solidarity will prevail, and peace will come."*

Valdis **Dombrovskis**, Executive Vice-President for An Economy that Works for People said: *"Ukraine is an economy at war, with immense costs just to keep running on a daily basis due to Russia's protracted war of aggression. Ukraine urgently needs short-term support to maintain essential public services and to achieve a degree of economic and financial stability. By providing a further €5 billion in exceptional macro-financial assistance, the EU is again demonstrating its commitment to support Ukraine. We call on EU Member States to provide additional guarantees swiftly. This will be a second part of the overall €9 billion package of exceptional macro-financial assistance, as announced by the European Commission."*

Josep **Borrell**, High Representative/Vice-President for a Stronger Europe in the World said: *"Today's*

unprecedented macro-financial assistance disbursement is another clear example that the EU stands by the people of Ukraine and its institutions, against the Russian aggression. With this additional support the EU continues to help building a modern, democratic, independent Ukraine."

Johannes **Hahn**, Commissioner for Budget and Administration, said: "Our today's proposal for the disbursement of further €5 billion in macro-financial assistance loans is the confirmation of our unwavering support for Ukraine. This disbursement is the second part of the exceptional MFA up to €9 billion as announced by the Commission on 18 May."

Paolo **Gentiloni**, Commissioner for Economy, said: "Six months into Russia's brutal war of aggression, the courage of the Ukrainian people and the resilience of their institutions continue to inspire us all. The pressure on Ukraine's finances calls for strong solidarity from her global partners and I am proud that the European Commission has been at the vanguard of these efforts. Today we take another decisive step to help our embattled neighbour with this proposal for a further €5 billion in macro-financial assistance. As previously announced, up to €3 billion more will follow. We will not waver in our support for Ukraine and its people."

Background

The EU has already provided significant assistance to Ukraine in recent years under its MFA programme. Since 2014, the EU has provided over €5 billion to Ukraine through five MFA programmes to support the implementation of a broad reform agenda in areas such as the fight against corruption, an independent judicial system, the rule of law, and improving the business climate. In addition, earlier this year the Commission granted an emergency MFA loan of €1.2 billion, for which the Commission raised funds in two private placements in the first half of 2022. On 18 May, the Commission set out plans in a [Communication](#) for the EU's immediate response to address Ukraine's funding gap, notably through an exceptional MFA package of up to €9 billion, as well as the longer-term reconstruction framework. The first €1 billion of the exceptional MFA package was disbursed in two equal tranches on 1 and 2 August.

To finance the MFA, the Commission borrows on capital markets on behalf of the EU, in parallel to its other programmes, most notably NextGenerationEU and SURE. The possible borrowing for Ukraine is foreseen in the Commission's funding plan for the second half of 2022.

Macro-financial assistance (MFA) operations are part of the EU's wider engagement with neighbouring countries and are intended as an exceptional EU crisis response instrument. They are available to EU neighbourhood countries experiencing severe balance-of-payments problems. In addition to MFA, the EU supports Ukraine through several other instruments, including humanitarian aid, budget support, thematic programmes, and technical assistance and blending facilities to support investment.

Further information

[Statement by President von der Leyen on EU financial support for Ukraine](#)

[European Commission disburses first tranche of the new €1 billion macro-financial assistance for Ukraine](#)

[European Council Conclusions of 23 June](#)

[Communication of 18 May 2022 on Ukraine relief and reconstruction](#)

[Macro-Financial Assistance to Ukraine](#)

[EU Delegation to Ukraine](#)

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